



Director of
Central
Intelligence

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National Intelligence Daily

Friday
14 August 1987

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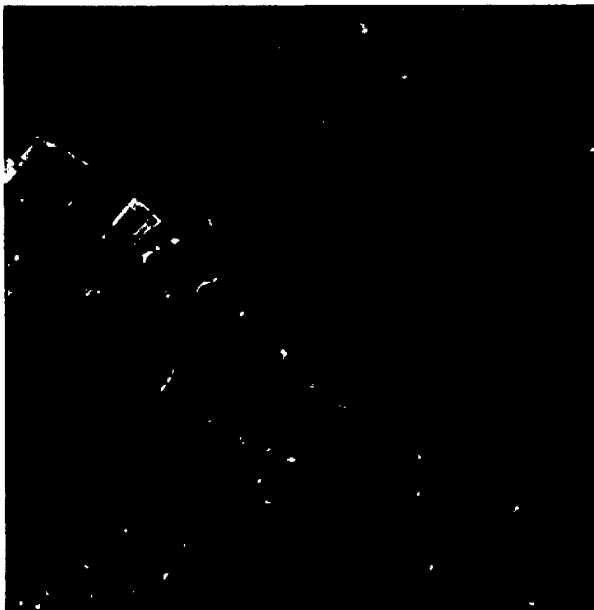
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Soviets Enter Competitive Satellite Imagery Market



Landsat thematic mapper camera,
30-meter resolution,
Al Basrah, Iraq.



SPOT,
10-meter resolution,
Al Basrah, Iraq.



NASA high-altitude photography,
6-meter resolution,
Washington, D.C.

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USSR:**Entering Satellite Imagery Market**

The USSR recently announced it will begin commercial marketing of high-quality civilian satellite photography, and it could become a primary supplier in this newly emerging industry. [redacted]

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[redacted] *Izvestiya* in June announced a program to sell high-quality satellite photographs of individual countries. The photography allegedly would have a maximum resolution of 20 feet (6 meters), ~~considerably better than the US Landsat imagery, which is 100 feet (30 m), or even the French SPOT imagery, 33 feet (10 m).~~ Photographs covering an individual country would cost between \$100,000 and \$1 million, depending on the number and size of the photographs, the extent of processing required, and whether in color or black and white.

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Comment: The Soviets probably are capable of implementing their program. [redacted]

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If the Soviets, as they claim, designate the Main Administration of Geodesy and Cartography to implement this program, ~~it would be equivalent to combining US Landsat collection capabilities with Defense Mapping Agency production capabilities. This would let the Soviets produce photo maps that would be easy to read and use and that are not being produced in quantity in the West.~~

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Although the Soviets gave no indication whether they will continue to limit distribution of photography to only the country covered, Moscow's offer departs from its previous practice of releasing only poor-resolution photographs. This position change apparently reflects a recognition of the potential foreign currency, prestige, and influence to be gained from a strong remote sensing program.

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NEW ZEALAND: Lange Favored for Reelection

Prime Minister Lange's Labor Party is favored to retain a comfortable majority in the parliamentary election in New Zealand tomorrow as most voters continue to support the government's economic reforms and antinuclear policies. According to the US Embassy, Labor leads the opposition National Party for almost all Labor-held seats and could win several held by the Nationals. Opposition leader Bolger tried this week to tap the unusually large number of undecided voters by attacking Lange's defense policies and pledging to return New Zealand to the ANZUS alliance.

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Comment: Despite the slumping economy, the Labor Party will get the support of the business community—traditional National Party backers—which favors Finance Minister Douglas's free market reforms. Some union members and low-wage earners may boycott the election to protest high unemployment. The National Party is unlikely to pick up many blue-collar votes, however, because of Bolger's calls to curb trade unions. Bolger's outspoken support for ANZUS and US ship visits is probably working to Labor's advantage by strengthening Lange's claims that a National Party government would allow nuclear weapons into New Zealand. Moreover, Bolger's charges that Labor has isolated New Zealand from its allies will probably win him few votes because Lange has effectively stressed Wellington's ties to Australia.

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PANAMA: Opposition Lowering Sights

The decision of Panama's Civil Crusade to shorten its general strike next Monday to 24 hours is an effort to reduce economic pressures on participants and to make sure the turnout equals that of its successful 48-hour shutdown last month. The US Embassy reports that support for the Crusade's effort to oust strongman General Noriega is undiminished but that most retailers cannot afford another long shutdown at this time. The regime reportedly has threatened to fine striking businesses and may force them to pay workers for strike days. Owners of the largest grocery chains in the capital, fearing government sanctions and disappointed with Crusade achievements to date, asked the opposition earlier in the week to call off the strike.

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Comment: The Crusade, recognizing that reduced participation in the strike would slow opposition momentum, will redouble efforts to ensure a good turnout. Reduced participation by the business community and a growing realization that strikes alone are unlikely to bring about Noriega's quick exit may persuade Crusade leaders to negotiate with the regime without the precondition of Noriega's immediate resignation.

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COSTA RICA: New Drug Control Efforts

Costa Rica is taking measures to improve its antinarcotics program following an investigation into drug-related official corruption. The chief of the drug control program, Luis Barrantes, resigned after a bipartisan government report found that in 1985 he allowed a major trafficker wanted for the murder of a US Drug Enforcement Agency officer in Mexico to enter Costa Rica. ~~The US Embassy says the report~~—which also criticizes DEA's involvement in the case—focuses mainly on recommendations to strengthen enforcement. These include better coordination among the three agencies charged with drug enforcement, stricter controls over containerized shipping and movement of narcotics refining chemicals, and stiffer penalties for drug-related crimes.

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Comment: The impact of the criticism against DEA is likely to be temporary and will not impede joint enforcement efforts. Although enactment is far from assured, the proposals pinpoint weaknesses in the interdiction and investigative efforts of the country's enforcement agencies—plagued by competition and lack of coordination.

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In Brief

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South Asia

Insurgents downed an Afghan AN-26 yesterday, killing 12 passengers and crew in eastern **Afghanistan**, according to Afghan and Soviet press . . . Kabul claims Stinger missile used . . . regime has acknowledged loss of four AN-26s this year.

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Europe

Iranian-sponsored terrorists reportedly arrived in Antwerp on board merchant ship . . . three Iranian ships in port last month . . . Iran possibly using merchant shipping to infiltrate agents into **Belgium** for attack on US facilities.

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Middle East

US Embassy in Amman reports **Israeli** bulldozers, escorted by troops, unilaterally dredged Yarmuk River yesterday . . . action violates understandings, **Jordan** may take counteraction . . . Prime Minister says confrontation might upset peace process.

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West Bank's Bir Zeit University—hotbed of **Palestinian** nationalism—reopened yesterday, according to press . . . **Israeli** officials closed it in April after violent demonstrations in which one student was killed . . . new campus disturbances likely.

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Lebanese pound at record low of 221 to the dollar, has declined from 5 to the dollar in 1985 . . . acting Prime Minister proposing sale of some gold reserves . . . confidence in economy declining.

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USSR

Soviet Politburo meeting yesterday approved additional measures to fight AIDS (reports press) . . . proposing to expand international cooperation . . . first Politburo action on AIDS, follows Health Ministry measures in June, sharp increase in cases.

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Africa

Israeli officials, businessman visited **Mozambique** last week, according to US Embassy . . . held unpublicized talks with cabinet ministers on agricultural aid, investment . . . latest sign of Maputo's growing pragmatism, willingness to deal with West.

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Major Provisions of Central American Peace Plan

Cease-Fire: Must be consistent with each country's "constitutional framework." No provision for direct talks with rebels. Takes place within 90 days (7 November).

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External Aid to Insurgents: Governments request cutoff of aid to rebel forces and pledge to prevent rebel use of their territory. Only aid for repatriation or relocation permitted. Within 90 days.

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Amnesty: Governments implement amnesty programs. Rebels must release prisoners. Within 90 days.

Democratization: Governments end state of siege or state of emergency, implement "broad, democratic, and pluralist" reforms, while choosing own economic and political system without foreign interference. Opposition permitted unrestricted access to mass media without prior censorship, right to organize and hold public demonstrations. Within 90 days.

Free Elections: In accordance with each country's constitution, governments hold free elections "once the conditions that characterize a democracy have been established." Hold Central American parliament elections by July 1988, with municipal, legislative, and presidential elections later. Oversight by International Verification Commission.

Arms Control: Security and verification agreements to be negotiated—with no deadline stipulated—with Contadora mediation. To include measures on disarming rebels.

National Reconciliation Commission: Governments facing insurgencies form four-member commissions to verify compliance with accord. Government chooses one representative from government, one "notable citizen," one of three persons nominated by Catholic Church, and one of three persons nominated by legal opposition parties. Within 20 days (27 August).

International Verification: Commission consisting of OAS and UN Secretaries General and Foreign Ministers of Central American, Contadora, and Support Group countries. To report on progress in accord implementation within 120 days to Central American Presidents, who will meet within additional 30 days. No sanctions for violations of agreement.

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Special Analysis**NICARAGUA:****Sandinistas Satisfied With Peace Accord**

Managua will be able to meet or finesse the demands of the Central American peace plan without endangering the Sandinistas' political control. The regime probably believes the plan accomplishes the Sandinistas' main goal—the end of US-funding for the rebels. The Sandinistas want to create an impression they will fully comply with the accord but will try to avoid granting full political rights, especially reopening the newspaper La Prensa and holding large public demonstrations. The government probably will maneuver to stack the National Reconciliation Commission with sympathizers willing to accept cosmetic reforms or regime excuses for noncompliance.

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The Sandinistas appear pleased with the Guatemalan peace plan, particularly because it leaves the insurgents with no external aid and no role in peace talks. The regime has fully endorsed the plan and given prominent media attention to the steps it has taken toward implementation, such as inviting the Catholic Church and opposition parties to prepare slates of nominees for the National Reconciliation Commission.

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The Sandinistas claim they are already in compliance with most of the democratic provisions of the accord. Managua says its two-year-old amnesty program ensures that insurgents who surrender are free to enter the political process. The Sandinistas also claim constitutional guarantees of political rights—suspended by a state of emergency after the constitution was promulgated last January—will be restored once the US stops supporting the insurgents.

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The Sandinistas appear willing to accept a cease-fire with a simultaneous cutoff of external aid to the insurgents and an end to rebel use of foreign territory. The regime has long believed the rebels would be unable to sustain major military operations without outside help. the war has increasingly strained Sandinista logistic and manpower resources.

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Finessing Tougher Measures

The regime will seek ways to avoid implementation of sweeping political freedoms. the Sandinistas—concerned about eroding popular support—are loath to allow the independent *La Prensa* to publish without censorship. The regime's long record of harassing opposition parties strongly suggests it is equally reluctant to allow them full freedom of organization and assembly.

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The Sandinistas are probably confident they can manipulate the four-member National Reconciliation Commission. The US Embassy reports that antiregime politicians fear Sandinista pressure against some parties could lead to inclusion of at least one regime sympathizer on the opposition slate. Church leaders probably are concerned that bishops who favor the regime or are otherwise vulnerable to Sandinista pressure may push for compromise candidates on the Church's list. [REDACTED]

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The Sandinistas are probably heartened also by the pact's weak provisions for international verification. Most members of the verification commission—particularly the Contadora countries—have put only modest pressure on the regime for reform in the past. The commission does not appear to have the funds or staff to carry out thorough investigations nor the authority to impose sanctions. US diplomatic reporting indicates that even the Central American democracies may be flagging in their resolve to keep pressure on the Sandinistas [REDACTED]

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The peace plan's mandate for full respect of each country's constitution and political system, the ban on all outside interference, and the regionwide application also diminish pressure for reform. The Sandinistas would reject opposition demands for earlier national elections, for example, because the schedule is dictated by the Nicaraguan constitution. They may rationalize noncompliance by accusing *La Prensa*, the opposition parties, and the Church hierarchy of receiving secret US funding and thus being in violation of the prohibitions on outside intervention. The regime may also allege that El Salvador and Honduras have failed to meet their treaty obligations. [REDACTED]

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Maintaining Firm Hold

The Sandinistas probably will make goodwill gestures toward the opposition with an eye to international reaction. They may offer, for example, to permit reopening of the Church radio station or allow opposition leaders some access to government-controlled media. In each case, however, they are likely to make the issue part of a long, contentious negotiation process intended to wear down the opponents. [REDACTED]

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Embassy reporting indicates dissidents in Managua intend to take full advantage of any freedoms resulting from the peace plan. Nonetheless, personal and ideological disputes among opposition leaders probably preclude a sustained, effective political action program in the near future. Over the past eight years, moreover, the Sandinistas have built a formidable security apparatus. They also can use government-controlled mobs under the guise of spontaneous, popular counterdemonstrations to break up opposition rallies. [REDACTED]

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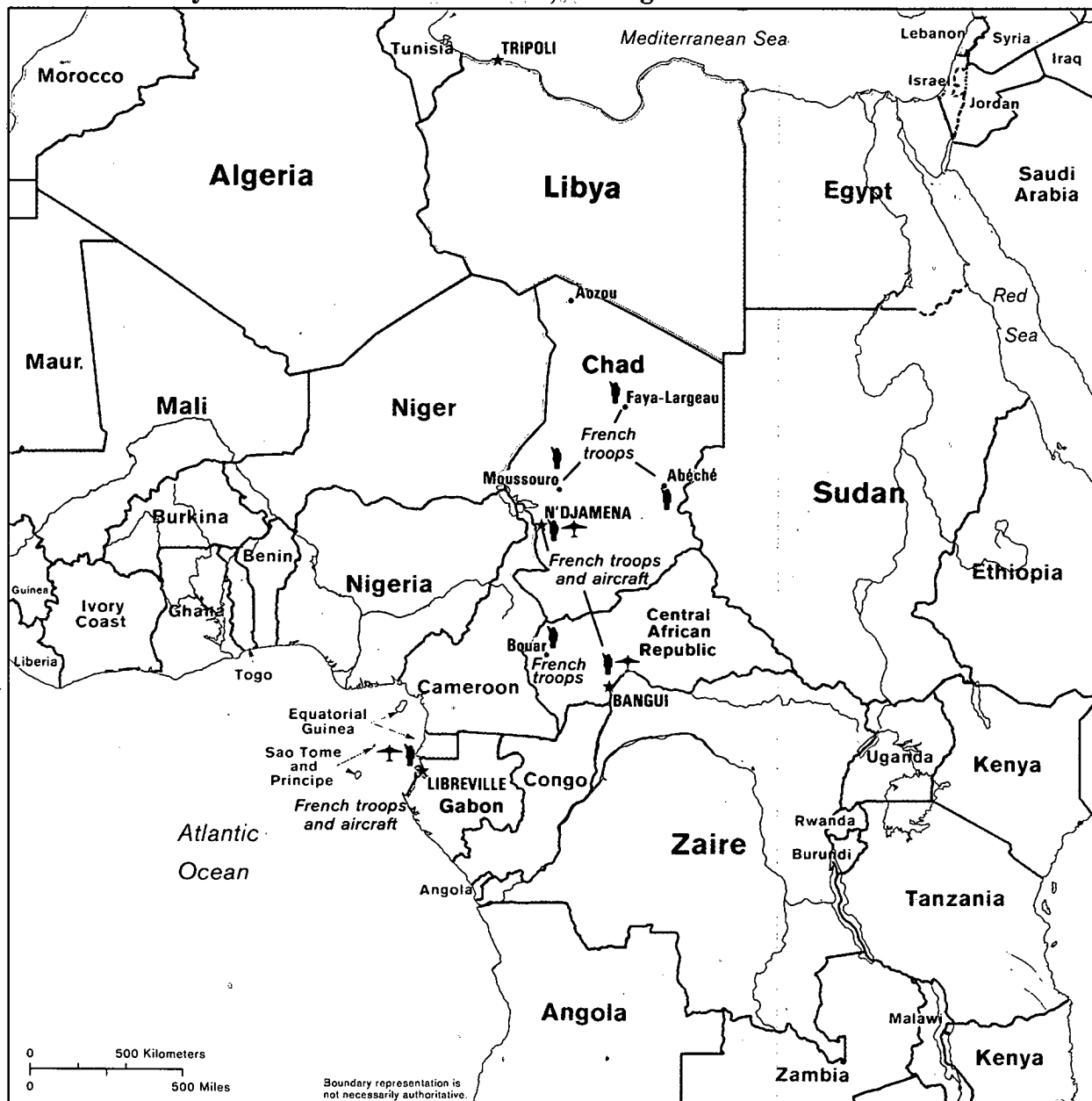
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French Military Presence in Central Africa, 13 August 1987

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Special Analysis**FRANCE-CHAD-
LIBYA:****Paris Weighing Options**

Paris, though still opposed to a Chadian offensive in the Aozou Strip, will probably continue to resupply Chadian forces. The French will provide antiaircraft missiles to use against Libyan airstrikes on Faya-Largeau but probably will not retaliate against Libyan targets unless Libya strikes N'Djamena.

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The French Foreign Ministry confirmed President Mitterrand's statements earlier this week that French support for Chad will continue even though Chadian President Habre launched an attack on Aozou against French advice, according to the US Embassy in Paris. [] are continuing to fly transports to Faya-Largeau but suspended flights farther north. The French have told Habre repeatedly that the question of the Aozou Strip should be submitted to international arbitration. []

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Paris does not want to provoke Libyan terrorist actions against its interests, particularly while it is contending with an already tense situation with Iran. The French may also be concerned that yet another serious Libyan defeat could provoke a strong Libyan counteroffensive that would require French intervention and even troop commitment. []

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Military Options

French Defense Minister Giraud warned Libya on Wednesday that airstrikes resulting in French casualties would provoke a French response, but one French official speculated to US Embassy officers that his government would not retaliate unless the Libyans attack N'Djamena. [] probably would respond by increasing the number of fighter aircraft in N'Djamena if Libya continues bombing south of the 16th parallel. []

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French options are more limited than in the past because counterstrikes now would have to be in or near Libya rather than in northern Chad, thus bringing France closer to direct conflict with Libya. Furthermore, French fighters based in N'Djamena are too far away to be an effective deterrent against Libyan bombers flying north of the 16th parallel. French officials have sought information on Libyan air capabilities in southern Libya and northern Chad, according to the defense attache in Paris. []

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The French have Jaguar fighter-bombers in the Central African Republic and tanker aircraft in Gabon but probably would not consider retaliatory air attacks against Aozou airfield or other Libyan airbases unless Tripoli's forces struck N'Djamena. In the meantime, the French are moving Stinger surface-to-air missiles to Fava-Largeau, giving their troops some air defense capability.

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Special Analysis**SOUTH AFRICA-
MOZAMBIQUE:****Uneasy Neighbors**

Pretoria and Maputo have papered over their differences by establishing a joint working committee to discuss recurring problems that are undermining the Nkomati nonaggression pact between the two countries. The presence of the African National Congress in Mozambique and South Africa's support for RENAMO insurgents will continue to complicate relations.

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The two countries set up the committee recently after senior Mozambican officials traveled to South Africa to discuss relations. The 1984 Nkomati accord included provisions for a bilateral security commission, but Mozambique had refused to attend meetings since May 1986. Pretoria claims the working group reinstitutes the commission, while Maputo argues that its primary purpose is to investigate an alleged RENAMO massacre of hundreds of civilians last month.

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Although President Chissano had softened Mozambique's anti-South African rhetoric and sought to avoid a confrontation with Pretoria since coming to power last November, recent relations have been marked by increasingly harsh accusations on both sides. The South Africans find the continued ANC presence in Mozambique particularly irksome and issued a strong warning after the recent bomb blast in Johannesburg, saying Mozambique was partly responsible. A source of the US Embassy in Pretoria reports that almost all ANC personnel recently apprehended in South Africa claim they infiltrated through Mozambique.

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Maputo, for its part, has publicly blamed Pretoria for a resurgence of RENAMO activity in southern Mozambique. The Chissano government has charged that South Africa is infiltrating RENAMO insurgents into Mozambique and resupplying them by air.

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Formation of the working group will not resolve fundamental security concerns, and any easing of tensions will be temporary. Maputo may expel some ANC members in the next few weeks as a gesture to South Africa but will probably continue to turn a blind eye to some ANC activity. And Pretoria will not let Mozambican assurances deter it from attacking ANC targets in Mozambique or providing assistance to RENAMO.

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Neither side wants to disavow the Nkomati accord. Pretoria has nothing to gain from a formal abrogation, particularly because it has not let the pact deter it from pursuing its security interests in Mozambique. Chissano and other pragmatists in his government almost certainly do not want to provoke stronger South African measures against the ANC in Mozambique.

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Special Analysis

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PERU:**Impact of Bank Nationalization**

President Garcia's recent decision to nationalize Peru's banks and other financial institutions has not produced the broad popular support he had hoped for. His move will perpetuate the alienation of the foreign financial community and probably aggravate the country's economic problems.

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Garcia in his speech on 28 July portrayed the move as fundamental to his vision for changing the economic order in Peru. A close adviser has told the US Embassy, however, that it was primarily a tactic to regain the political initiative from Garcia's chief political rival, Luis Alva Castro, who was elected head of the Chamber of Deputies last month. Alva Castro's election placed him in an excellent position to succeed Garcia in 1990 and will probably preclude passage of a constitutional amendment to allow Garcia a second consecutive term.

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Garcia's move to nationalize the banks is consistent with his party's doctrine of imposing a strong guiding hand on the economy and has appeal among leftist critics, some of whom have accused Garcia of being too close to big business. ~~According to Embassy sources,~~ Garcia consulted primarily with two senior party politicians, but his action reflects the views of an influential bloc of economic advisers who favor even broader nationalizations and who see little danger in expanding the budget deficit.

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Reaction

Some senior government officials reportedly expressed strong opposition to Garcia's action initially, but most ruling-party officials have reacted positively. The move, however, galvanized the center-right parties, which have joined the business community to denounce the nationalization decree as illegal and a step toward partisan control of the financial system. Business representatives quickly filed a legal complaint, and a Lima judge declared the decree unconstitutional, forcing Garcia to revoke it last week. Nonetheless, the Chamber of Deputies passed enabling legislation yesterday, and the Senate—in which his party holds a margin—will almost certainly endorse it.

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Reaction among senior military officers has been mixed. The War Minister told the press the military supports the need for the nationalization.

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however, a group of senior officers in each of the services takes strong objection to Garcia's action. This group reportedly is making

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contingency plans to assume power once the economic situation clearly deteriorates and support for Garcia erodes—which it sees happening in the next six to 12 months. [REDACTED]

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Outlook

Garcia's political gains are likely to be meager, especially once it becomes clear that the overall economic effect of government control of the banking system will be negative. Insufficient investment has been the major shortcoming of Garcia's economic program, and nationalization will probably halt the modest upturn in domestic private investment that began earlier this year. Foreigners, already chary of investing in Peru, will be more reluctant to pursue the few projects that remain open to them. [REDACTED]

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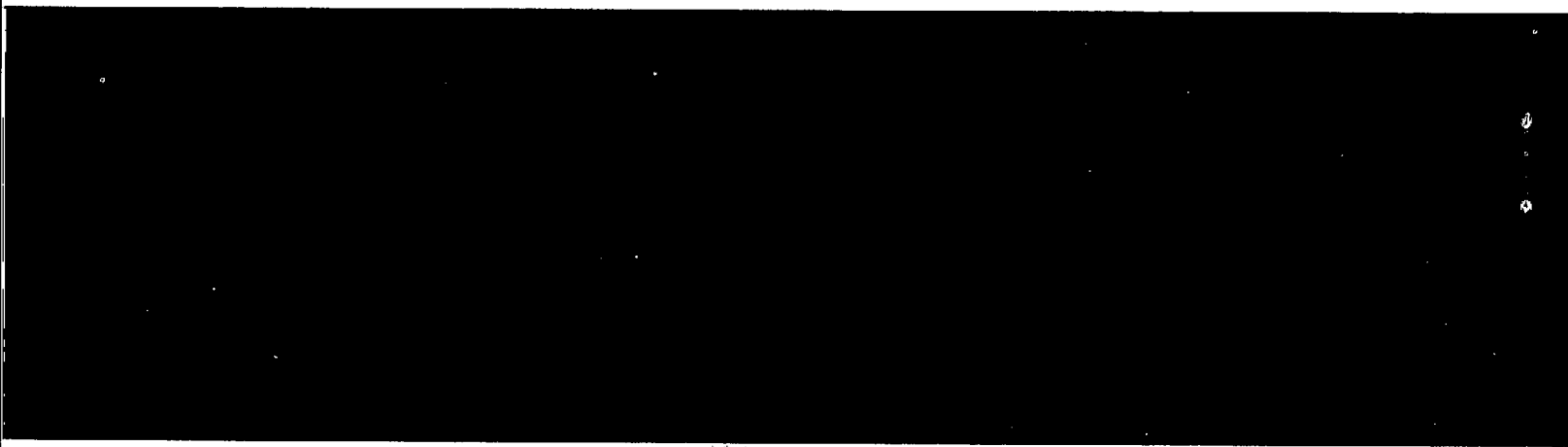
Garcia is not likely to change direction. Having failed to cultivate Peruvian big business, he will probably resort increasingly to intervention in the economy when he sees that the bank nationalization has not achieved the desired results. If he does not rebuild his popularity, he may shift further to the left on domestic as well as foreign policy in an effort to broaden his base of support. [REDACTED]

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